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SUBJECT: Experts Meeting on Regional Economic Cooperation on
Afghanistan

¶1. (SBU) SUMMARY: The European Commission hosted a meeting of
experts March 17 in Brussels to develop tangible areas for regional
projects centered on Afghanistan ahead of the Regional Economic

Cooperation Conference on Afghanistan (RECC), to be held in
Islamabad, perhaps in May. Experts represented the countries from a
region extending from India to Turkey, plus EU member states, the
G8, major development banks and the UN. Iran was also invited (with
the EU paying for travel) but did not attend. The discussion was
focused on finding areas where regional countries might find common
ground on joint projects to encourage Afghan and regional economic
growth. The conversations were substantive and identified areas for
continued work, but only a few concrete projects, mostly already in
train, were discussed. END SUMMARY

Background

¶2. (SBU) At an informal Ministerial meeting in Paris December, 2008,
the European Commission offered to host experts to prepare concrete
proposals for a 3rd Regional Economic Cooperation Conference on
Afghanistan to be held in Pakistan. This Conference had been
scheduled for April 1-2 in Islamabad, but the scheduling of a March
31 Ministerial on Afghanistan in The Hague, along with the April 2
meeting of the G20 and the NATO Summit April 3-4 made that date
problematic. The Pakistani government hopes to finalize a new date
for the conference soon, with the Pakistanis proposing mid-May dates
to the Afghans. The latter pressed to maintain the meeting in
April, given the political calendar in Afghanistan. Nonetheless,
the March 17 Experts' Meeting proceeded pursuant to EU invitation.
The USG delegation was led by SCA PDAS Patrick Moon.

Atmospherics

¶3. (SBU) The Central Asian presence was relatively robust, with
Brussels-based diplomats sitting in the Uzbekistan, Turkmenistan and
Kyrgyzstan chairs, but capitals sending Kazakhstan and Tajikistan
reps. Economic Affairs Director General Enayatullah Nabel from the
Afghan Ministry of Foreign Affairs (MFA) and Joint Economic Affairs
Division Secretary Sohail Rehan from the Pakistani MFA led their
respective delegations. The Iran chair was empty, an absence
Meeting Chair James Moran (Asia Director for Commission External
Relations) attributed to a missed flight on the part of the putative
Iranian rep.

¶4. (SBU) At the opening of the meeting, World Bank and Commission
speakers encouraged Afghan and Pakistani officials to work together
to address the "soft underpinnings" of economic development, such as
convergence in customs procedures, transportation regulations, and
border concerns that will in turn build an infrastructure that will
support "bolder" reconstruction projects. Five working group
sessions (trade and transit, people and skills, food security,
infrastructure and energy, and drugs) then convened. The outcomes
of the working groups will be summarized in a letter from the
Commissioner for External Affairs to the hosts of the Regional
Conference with the proposed follow work. Paragraphs 5 to 15 below
present the oral summaries provided at the conclusion of the experts

meeting and are expected to provide the grist for the EU letter.
Trade and Transit

¶5. (U) The Afghanistan Pakistan Transit Agreement (APTA) is a key building block for future trade and economic cooperation and regulatory convergence and the parties were encouraged by the experts to rapidly conclude APTA negotiations. This agreement will be a useful model in the region and an international effort can and should seek to replicate the agreement with other neighbors. In addition, the experts agreed that donors should design and support a project to develop cooperation and harmonization of regional trucking procedures, licensing, regulations, and standards.

¶6. (U) Countries in the region should also ensure coordination and allocation of responsibilities among agencies operating at border points. By providing national clarity on those responsibilities, they can also identify focal points for cross border coordination and facilitate sustained data exchange, dispute resolution, and sharing of best practices, possibly by revisiting a project to establish a customs academy with regional input. Experts highlighted problems with transport of an Indian 250,000 metric ton wheat donation to Afghanistan and said it should be a test case of how the three countries can work together flexibly to overcome trade and transport obstacles. They expressed hope that the transaction could be completed before the Regional Conference.

Food Security -----

¶7. (U) Experts agreed on the need to target multiple sectors to lower the high rate of food insecurity among the Afghan population. Primarily, efforts should be directed at facilitating trade, increasing agricultural productivity, augmenting humanitarian

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assistance, expanding Afghan capacity to store food commodities, leveraging private sector activities, and improving animal and plant health. Participants cited a number of examples from the region to expand upon including free trade zones along border and bridge passes on the Afghan/Tajikistan border; the South Asian Association for Regional Cooperation (SAARC) regional food bank; and the Turkey-Afghanistan-Pakistan Trilateral partnership.

People and Skills -----

¶8. (U) Countries in the region need to forge a commitment to enhance and draw on local skills to provide vocational training and to fill gaps in trade and craft expertise. Participants recognized that the multiplicity of capacity development models pursued by various donors cried out for an effort to establish greater coherence and to focus planning efforts on achieving swift, acceptable, and recognizable impacts on the lives of Afghans.

¶9. (U) Afghan DG Nabel outlined a project to develop and draw on the capacity of returnees for job creation and economic development.

Experts expressed strong support for the project, and suggested it could be expanded beyond returnees to the general population. Nabel agreed, but said any expansion of the proposal beyond its planned scope would necessitate additional funding. Another existing project that participants agreed merited consideration at the RECC is the regional approach of the Aga Khan Foundation-sponsored University of Central Asia and its value as a model for the establishment of vocational schools throughout the region. Related to vocational training, it was agreed an inventory of relevant training materials available in Dari and Pashtun would be useful.

Infrastructure, Energy, and Water

¶10. (U) Experts reported progress on developing the Central Asia-South Asia Electricity transmission system, and the four involved countries - Kyrgyz Republic, Tajikistan, Afghanistan, and Pakistan - confirmed their interest and support. The World Bank representative discussed efforts to refine the costs and size of the project in light of the available electricity surpluses for export and the reduced financial commitment of the Asian Development Bank (ADB), which was absent from the meeting.

¶11. (U) Participants called attention to the opportunities for bilateral and multilateral donors to contribute to measures to address particular investment security risks and support of Afghan payments. The Commission indicated it would work with the European Investment Bank (EIB) to determine whether it might participate in the funding and UNAMA suggested it would work with the ADB and other potential donors. The World Bank expressed hope that a next round of commitments advancing the project would be finalized at the RECC.

¶12. (U) A number of participants emphasized that stakeholders and

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international financial institutions should energize the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline project at the RECC. The \$7.6 billion pipeline will provide natural gas to Afghanistan, Pakistan, and India, with construction expected to begin on the oft-delayed project in 2010. Pakistan's Rehan reiterated that TAPI was "a very important project" to the Pakistanis. The Turkmen representative did not comment on the project.

¶13. (U) Afghanistan and Pakistan also agreed that the extension of the Pakistani railhead from Torkham to Jalalabad should be a priority. UNAMA said it will work to further clarify the scope of this project and the possibility of initiating a feasibility study.

¶14. (U) On water, Pakistan and Afghanistan agreed it was not an appropriate topic for the pending RECC, although Afghanistan noted it had begun to look at the requirement for capacity development with select donors, such as the U.S. UNAMA highlighted the need for any Afghan government approach to donors to be well-coordinated to avoid confusion.

Drugs

¶15. (U) Participants underlined the need to build law enforcement capacity in a regional context in order to improve operational cooperation and intelligence sharing. The Good Performer Initiative to benefit poppy-free provinces should be extended to look at ways to stimulate integrated rural development. Experts also agreed that action on key precursors should be taken through increased support of the United Nations Office of Drugs and Crime (UNODC) Rainbow Strategy, including the TASCIT program for regional targeting and for its second phase of mobile teams with more targeted, intel-led operations.

Comment

¶16. (SBU) The experts meeting provided an opportunity to review efforts to spur regional cooperation and identify tangible projects.

While the discussions were substantive, they served largely to underline the status of ongoing efforts and the limited commitment to cooperation by regional countries. There is reasonable potential that, having hosted this meeting, the European Commission will take more ownership in the effort. The UN Assistance Mission in Afghanistan also recognizes that it needs to be more active as well.

More than two years after the Delhi Conference, with prospects for holding the 3rd conference in the near future uncertain, the EU meeting served a useful purpose in renewing focus on regional economic activity. The effort to find a strong set of concrete, implementable projects that are visible to Afghans as signs of support and progress, however, remains pretty elusive.

MURRAY